

## Message Text

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PAGE 01 STATE 082028

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ORIGIN ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 IO-10 SS-15 STR-04 CEA-01

L-02 /084 R

DRAFTED BY ARA/BC/B:RNICHOLSON:BJD

APPROVED BY ARA/BC: 'EKARKASHIAN

ARA/BC/B:MCOTTER (DRAFT)

LA/ECP:DBLACK (DRAFT)

LA/MRSD:PLANSDALE (INFO)

LA/DP:LHARRISON (INFO)

ARA/BC:WLOWENTHAL (DRAFT

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P 102132Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ PRIORITY

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E.O. 11652:N/A

TAGS: ECON, EFIN, EAID

SUBJECT: IMF CONSULTATIONS

1. DISCUSSIONS WITH KOENIG IMF ON 1975 CONSULTATIONS

INDICATED FOLLOWING AREAS OF CONCERN.

2. COORDINATION AND PLANNING: KOENIG ECHOED OUR SENTI-  
MENTS ON NEED FOR IMPROVED COORDINATION AMONG INTERNATIONAL  
LENDERS BUT WAS MORE CONCERNED WITH QUALITY OF PLANNING AND  
INVESTMENT RATIONALE OF BOLIVIAN INSTITUTIONS. SHE HAD  
IMPRESSION ORDERING OF DEVELOPMENT/INVESTMENT PRIORITIES  
CONTINUES HAPHAZARD AT BOTH GLOBAL AND SECTORAL (MINISTER-  
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PAGE 02 STATE 082028

IAL) LEVELS. WE OUTLINED IMPROVEMENTS IN PLANNING AND

FINANCING CONTROL MECHANISMS AS PORTRAYED BY HECTOR ORMACHEA  
AND CITED PLANNING PROGRESS AT SECTORAL LEVELS.

3. DISSIPATION OF FINANCIAL RESOURCES: IMF HAD TWO CONCERNS (A) THAT LITTLE WAS BEING DONE TO IMPLEMENT TAX REFORMS PREVIOUSLY APPROVED AND (B) THAT PETROLEUM RICH DEPARTMENTS WERE IN POSITION WASTE SCARCE RESOURCES WHILE CENTRAL GOVERNMENT WAS REDUCED TO DEFICIT FINANCING.

4. SUMMARIZING, KOENIG NOTED THAT WHILE FUND'S ADVICE WAS WELCOMED BY GOB SHE RECOGNIZED FUND HAS NO LEVERAGE IN

PRESENT SITUATION IN WHICH GOB HAS AMPLE FOREIGN EXCHANGE AND INTERNATIONAL LENDERS WERE DISPOSED TO LEND WITHOUT MAJOR SELF-HELP EFFORT ON FISCAL FRONT.

5. CONSULTATION TEAM INCLUDES GEORGE KOEPITS, EX-A.I.D. AND TREASURY EMPLOYEE, ARMANDO RIVAS, SOTIRIS KOLLIAS, RICARDO ROSENBERG AND MRS. KOENIG. MRS. KOENIG ARRIVING O/A APRIL 12. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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